

VILLAGE OF GOODRICH

GOODRICH, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2008

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*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

October 16, 2008

## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
of the Village of Goodrich

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Goodrich, as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Goodrich's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Goodrich as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Special Assessment Bonds Fund, Major Street Fund and Minor Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2008 on our consideration of the Village of Goodrich's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages II - X, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Goodrich's basic financial statements. The additional information on pages 21 - 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lewis & Knopf PC*  
LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

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As management of the Village of Goodrich, we offer readers of the Village of Goodrich's financial statements this narrative overview and analysis of the financial activities of the Village of Goodrich for the year ended June 30, 2008.

**FINANCIAL HIGHLIGHTS**

- A. The net assets of the Village, at the close of the most recent fiscal year were \$2,444,205.
- B. The Village's total net assets decreased by \$60,594.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Village of Goodrich's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reports as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

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**Fund Financial Statements:** (Continued)

Governmental Funds (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, major street fund, minor street fund and special assessment bonds fund all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund, public improvement fund, and special assessment bonds fund. Budgetary comparison statements have been provided for these funds in the required supplementary information.

The basic governmental funds financial statements can be found on pages 3 through 4 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise funds to account for its sewer activity.

The proprietary fund financial statements can be found on pages 5 to 7 of this report.

Budgetary Comparison Schedule

The budgetary comparison schedules can be found on pages 8 – 11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 21 through 30.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. In the case of the Village, assets exceed liabilities by \$2,444,205 at the close of the most recent fiscal year.

Of the Village's net assets, 71% reflects its investment in capital assets (e.g., land, furniture and equipment, infrastructure and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

**SUMMARY OF NET ASSETS:**

|  | <u>NET ASSETS</u>         |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
|  | 2008                      |                           | 2007                      |
|  | Governmental Activities   | Business-Type Activities  | Total                     |
|  |                           |                           | Total                     |
| Current Assets                                   | \$301,771                 | \$442,894                 | \$744,665                 |
| Noncurrent Assets                                | 1,737,127                 | 1,255,262                 | 2,992,389                 |
| <b><u>TOTAL ASSETS</u></b>                       | <b><u>\$2,038,898</u></b> | <b><u>\$1,698,156</u></b> | <b><u>\$3,737,054</u></b> |
| Current Liabilities                              | \$90,991                  | \$7,593                   | \$98,584                  |
| Noncurrent Liabilities                           | 1,194,265                 | 0                         | 1,194,265                 |
| Total Liabilities                                | \$1,285,256               | \$7,593                   | \$1,292,849               |
| Net Assets                                       |                           |                           |                           |
| Invested in Capital Assets – Net of Related Debt | 468,963                   | 1,255,262                 | 1,724,225                 |
| Contributed Capital                              | 0                         | 11,143                    | 11,143                    |
| Restricted                                       | 104,858                   | 0                         | 104,858                   |
| Unrestricted                                     | 179,821                   | 424,158                   | 603,979                   |
| Total Net Assets                                 | <u>\$753,642</u>          | <u>\$1,690,563</u>        | <u>\$2,444,205</u>        |
| <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>   | <b><u>\$2,038,898</u></b> | <b><u>\$1,698,156</u></b> | <b><u>\$3,737,054</u></b> |

During fiscal year ended June 30, 2008, the Village's net assets decreased by \$60,594. The Village is able to report positive balances in all four categories of net assets for its business-type activities and positive balances for both restricted and unrestricted in its governmental activities. The Village's Total Net Assets decreased to a total of \$2,444,205.

*Net Assets - Invested in Capital Assets – Net of Debt*

The largest portion of the increase was related to the Village's Invested in Capital Assets – Net of Debt. Net Assets Invested in Capital Assets – Net of Debt increased by \$96,940 during the year due to purchases of new capital assets, including construction in progress, and principal payments on related debt exceeding depreciation.

*Net Assets - Contributed Capital*

This amount remained unchanged from prior period.

*Net Assets - Restricted*

The restricted portion of the net assets decreased by \$18,253. Net Assets Restricted consists of debt retirement funds which may only be used to pay bonded debt and restricted capital projects funds that may only be used to fund capital projects.

*Net Assets - Unrestricted*

The Village's Unrestricted Net Assets decreased by \$139,281 during the year. These funds are used to meet governments ongoing obligations to citizens and creditors. The majority of this decrease represents the degree in which increases in ongoing expenses have outstripped increases in ongoing revenues.

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

**RESULTS OF OPERATIONS:**

CHANGES IN NET ASSETS

|   | 2008                       |                             |                    | 2007             |
|---|----------------------------|-----------------------------|--------------------|------------------|
|   | Governmental<br>Activities | Business Type<br>Activities | Total              | Total            |
| Revenues:                                       |                            |                             |                    |                  |
| Program Revenues:                               |                            |                             |                    |                  |
| Charges for Services                            | \$154,873                  | \$228,427                   | \$383,300          | \$336,482        |
| General Revenues:                               |                            |                             |                    |                  |
| Property Taxes                                  | 383,170                    | 0                           | 383,170            | 361,682          |
| State Sources                                   | 189,701                    | 0                           | 189,701            | 193,248          |
| Investment Earnings                             | 15,049                     | 20,329                      | 35,378             | 55,907           |
| Other   | 13,871                     | (10,257)                    | 3,614              | 22,388           |
| Total Revenues                                  | <u>\$756,664</u>           | <u>\$238,499</u>            | <u>\$995,163</u>   | <u>\$969,707</u> |
| Functions/Program Expenses:                     |                            |                             |                    |                  |
| General Government                              | 196,408                    | 0                           | 196,408            | 205,544          |
| Legislative                                     | 2,789                      | 0                           | 2,789              | 1,356            |
| Election  | 0                          | 0                           | 0                  | 568              |
| Community Center                                | 9,112                      | 0                           | 9,112              | 12,581           |
| Village Property                                | 165,858                    | 0                           | 165,858            | 19,073           |
| Highways, Streets and Bridges                   | 179,950                    | 0                           | 179,950            | 234,028          |
| Parks and Recreation                            | 8,338                      | 0                           | 8,338              | 15,807           |
| Building Inspector                              | 16,021                     | 0                           | 16,021             | 18,475           |
| Garbage Collection                              | 77,581                     | 0                           | 77,581             | 74,821           |
| Planning  | 540                        | 0                           | 540                | 560              |
| Zoning Board                                    | 0                          | 0                           | 0                  | 80               |
| Interest on Long-Term Obligations               | 53,246                     | 0                           | 53,246             | 54,023           |
| Sewer   | 0                          | 345,914                     | 345,914            | 290,269          |
| Total Expenses                                  | <u>\$709,843</u>           | <u>\$345,914</u>            | <u>\$1,055,757</u> | <u>\$927,185</u> |
| <b><u>INCREASE (DECREASE) IN NET ASSETS</u></b> | <u>\$46,821</u>            | <u>(\$107,415)</u>          | <u>(\$60,594)</u>  | <u>\$42,522</u>  |

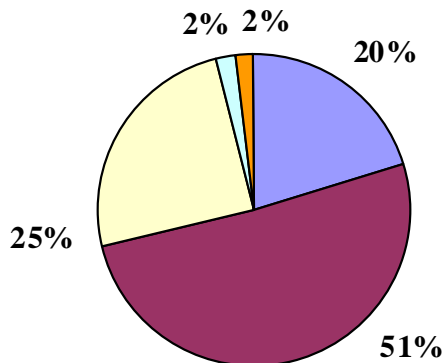
VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Revenues by Source – Governmental Activities**

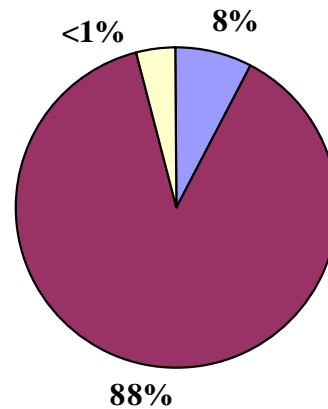
**Total Revenues = \$756,664**



|                            |
|----------------------------|
| Charges for Services - 20% |
| Property Tax - 51%         |
| State Sources - 25%        |
| Investment Earnings - 2%   |
| Other - 2%                 |

**Revenues by Source – Business-Type Activities**

**Total Revenues = \$238,499**



|                            |
|----------------------------|
| Investment Earnings - 8%   |
| Charges for Services - 88% |
| Other - <1%                |

**Results of Operations**

Overall revenue increased by \$25,456 due primarily to increases in sewer usage fees and collection of delinquent debt and tax.

Overall expenses increased by \$128,572 due primarily due to sewer usage paid to the city, dam repairs and transfers to road funds.

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

**Analysis of Financial Position**

The focus of the Village's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the fiscal year. An analysis of changes for the governmental funds is as follows:

**General Fund**

The Village's general fund is the chief operating fund of the Village. Unreserved fund balance for the general fund decreased by \$55,675 during the year with the decrease appearing in cash and receivables. Revenues for the year increased by \$6,583 primarily from increases in property taxes, tax penalties and payment of costs for demolition of a building. Expenditures and other financing uses decreased by \$37,159, primarily due to increases in transfers to other funds.



VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

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**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (Continued)**

Analysis of Financial Position (Continued)

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

\* Special Assessment Bonds

Reserved fund balance for the special assessment fund decreased by \$16,659 during the year with the decrease appearing in cash. Revenues for the year decreased by \$2,377 primarily from decreases in special assessments. The fund had expenditures of \$26,245 which were used to pay the required interest and principal payments of the Village's bonded debt.

Special Revenue Funds

\* Major Street Fund

Unreserved fund balance for the major street fund decreased by \$19,232 during the year with the decrease appearing in cash. Revenues for the year decreased by \$13,015 primarily due to decreases in State funding. Expenditures and other financing uses increased by \$13,785 due to increases in winter wages and equipment usage.

\* Minor Street Fund

Unreserved fund balance for the minor street fund decreased by \$7,338 during the year with the decrease appearing in cash. Revenues for the year decreased by \$5,111 primarily due to decreases in State funding. Expenditures and other financing uses increased by \$3,161 due to increases in winter wages and equipment usage.

**FINANCIAL ANALYSIS OF BUSINESS-TYPE ACTIVITIES**

Enterprise Fund

This fund accounts for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The sewer fund accounts for all activities related to the sewage collection system.

Net Assets for the enterprise fund decreased by \$107,415 during the year with the decrease appearing in accumulated depreciation related to the sewer system. Revenues for the year increased by \$22,208 primarily from increases in sewer tap in fees. Expenditures and other financing uses increased by \$55,762, primarily due to increases in usage fees.

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of fiscal year 2007, the Village had \$4,109,809 invested in land, furniture and equipment, leasehold improvements, vehicles and sewer system; and \$42,000 in construction in progress for its governmental and business-type activities. Of this amount, \$1,159,420 in depreciation has been taken over the years. We currently have net book value of \$2,992,389. Total acquisitions for the year were \$369,379 and depreciation expense was \$131,125.

|                                    | Balance<br>July 1, 2007 | Additions         | Deductions | Balance<br>June 30, 2008 |
|------------------------------------|-------------------------|-------------------|------------|--------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>     |                         |                   |            |                          |
| Land                               | \$ 150,000              | \$0               | \$0        | \$150,000                |
| Buildings and Improvements         | 984,150                 | 0                 | 0          | 984,150                  |
| Furniture and Equipment            | 81,035                  | 0                 | 0          | 81,035                   |
| Land Improvements                  | 171,985                 | 369,379           | 0          | 541,364                  |
| Vehicles                           | 149,045                 | 0                 | 0          | 149,045                  |
| Totals at Historical Cost          | \$1,536,215             | \$369,379         | \$0        | \$1,905,594              |
| Less: Accumulated Depreciation     |                         |                   |            |                          |
| Building and Improvements          | (60,046)                | (24,604)          | 0          | (84,650)                 |
| Furniture and Equipment            | (53,884)                | (10,007)          | 0          | (63,891)                 |
| Land Improvements                  | (15,562)                | (11,446)          | 0          | (27,008)                 |
| Vehicles                           | (5,089)                 | (29,809)          | 0          | (34,898)                 |
| Total Accumulated Depreciation     | (\$ 134,581)            | (\$75,866)        | \$0        | (\$210,447)              |
| <b>GOVERNMENTAL ACTIVITIES</b>     |                         |                   |            |                          |
| <b><u>CAPITAL ASSETS - NET</u></b> | <u>\$1,401,634</u>      | <u>\$293,513</u>  | <u>\$0</u> | <u>\$1,695,147</u>       |
| <b>BUSINESS - TYPE ACTIVITIES</b>  |                         |                   |            |                          |
| Sewer System                       | \$2,204,215             | \$0               | \$0        | \$2,204,215              |
| Less: Accumulated Depreciation     | (893,714)               | (55,239)          | 0          | (948,953)                |
| <b>BUSINESS - TYPE ACTIVITIES</b>  |                         |                   |            |                          |
| <b><u>CAPITAL ASSETS - NET</u></b> | <u>\$1,310,501</u>      | <u>(\$55,239)</u> | <u>\$0</u> | <u>\$1,255,262</u>       |

Significant additions to fixed assets was the completion of the bridge project and Erie street project.

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

*Debt, Principal Payments*

The Village made principal payments on bonded, long term debt obligations that reduced the amount of the Village's long term liabilities as follows:

|   | Balance<br>7-1-07         | Additions         | Deductions             | Balance<br>6-30-08        |
|---|---------------------------|-------------------|------------------------|---------------------------|
| Governmental Activities:                        |                           |                   |                        |                           |
| Bonds Payable                                   | \$1,223,000               | \$0               | \$47,000               | \$1,176,000               |
| Contracts Payable                               | 112,800                   | 0                 | 20,636                 | 92,164                    |
| <b><u>Total Governmental<br/>Activities</u></b> | <b><u>\$1,335,800</u></b> | <b><u>\$0</u></b> | <b><u>\$67,636</u></b> | <b><u>\$1,268,164</u></b> |

At the end of the current fiscal year, the Village had total long-term debt outstanding of \$1,268,164. Of this amount, \$1,176,000 comprises debt backed by the full faith and credit of the government. The remaining \$92,164 represents contracts payable.

The Village's total debt decreased by \$67,636 during the fiscal year.

**GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES**

**GENERAL FUND BUDGET VS. ACTUAL**

| Fiscal Year         | Original Budget          | Final Budget             | Actual                   | Variance Original<br>& Final<br>Budget % | Variance Actual<br>& Final Budget % |
|---------------------|--------------------------|--------------------------|--------------------------|--|-------------------------------------|
| Revenues            | \$624,839                | \$651,768                | \$644,445                | 4.31                                     | 1.12                                |
| Expenditures        | 680,070                  | 724,849                  | 700,120                  | 6.58                                     | 3.41                                |
| <b><u>TOTAL</u></b> | <b><u>(\$55,231)</u></b> | <b><u>(\$73,081)</u></b> | <b><u>(\$55,675)</u></b> |  |                                     |

**Original vs. Final Budgets**

Revenues

Differences between the original budget and the final amended budget totaled an increase of \$26,929 due to increases in anticipated transfers to road funds that were not needed and increases in equipment rentals.

Expenditures

Differences between the original budget and the final amended budget totaled an increase of \$44,779. The major reason for the increase in expenses was due to unexpected dam repairs, Consumers Energy tax reduction payment and transfers to road funds for wages and equipment rentals.

VILLAGE OF GOODRICH, MICHIGAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2008

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**GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES (Continued)**

**Actual Results vs. Final Budgets**

Revenues

Significant changes between final budget and actual was due to increases in equipment rentals and property taxes.

Expenditures

Significant changes between final budget and actual was due to increases in maintenance and repairs.

**Economic Factors and Next Year's Budget and Rates**

Revenue sharing is the most significant budgetary concern at this time. Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods.

The Village of Goodrich's 2008/2009 adopted budget is as follows:

|                           |                 |
|---------------------------|-----------------|
| REVENUE                   | \$611,677       |
| <u>EXPENDITURES</u>       | <u>584,199</u>  |
| <u>NET (UNDER) BUDGET</u> | <u>\$27,478</u> |

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Village's finances. If you have questions about this report or need additional information, contact the Village Office, Village of Goodrich.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2008

|  | Governmental<br>Activities | Business-Type<br>Activities | Total              |
|--|----------------------------|-----------------------------|--------------------|
| <u>ASSETS</u>                                    |                            |                             |                    |
| <u>CURRENT ASSETS</u>                            |                            |                             |                    |
| Cash and Cash Equivalents                        | \$240,906                  | \$429,599                   | \$670,505          |
| Accounts Receivable                              | 41,030                     | 0                           | 41,030             |
| Internal Balances                                | 7,558                      | 0                           | 7,558              |
| Interest Receivable                              | 0                          | 2,644                       | 2,644              |
| Fees Receivable                                  | 0                          | 10,651                      | 10,651             |
| Special Assessments Receivable                   | 11,802                     | 0                           | 11,802             |
| Prepaid Expenses                                 | 475                        | 0                           | 475                |
| Total Current Assets                             | \$301,771                  | \$442,894                   | \$744,665          |
| <u>NON-CURRENT ASSETS</u>                        |                            |                             |                    |
| Construction in Progress                         | 42,000                     | 0                           | 42,000             |
| Capital Assets                                   | 1,905,594                  | 2,204,215                   | 4,109,809          |
| Less: Accumulated Depreciation                   | (210,467)                  | (948,953)                   | (1,159,420)        |
| Total Noncurrent Assets                          | \$1,737,127                | \$1,255,262                 | \$2,992,389        |
| <u>TOTAL ASSETS</u>                              | <u>\$2,038,898</u>         | <u>\$1,698,156</u>          | <u>\$3,737,054</u> |
| <u>LIABILITIES</u>                               |                            |                             |                    |
| <u>CURRENT LIABILITIES</u>                       |                            |                             |                    |
| Accounts Payable                                 | \$2,635                    | \$35                        | \$2,670            |
| Internal Balances                                | 0                          | 7,558                       | 7,558              |
| Deferred Revenue                                 | 5,807                      | 0                           | 5,807              |
| Accrued Expenses                                 | 8,650                      | 0                           | 8,650              |
| Current Portion of Long-Term Obligations         | 73,899                     | 0                           | 73,899             |
| Total Current Liabilities                        | \$90,991                   | \$7,593                     | \$98,584           |
| <u>NON-CURRENT LIABILITIES</u>                   |                            |                             |                    |
| Non-Current Portion of Long-Term Obligations     | 1,194,265                  | 0                           | 1,194,265          |
| <u>TOTAL LIABILITIES</u>                         | <u>\$1,285,256</u>         | <u>\$7,593</u>              | <u>\$1,292,849</u> |
| <u>NET ASSETS</u>                                |                            |                             |                    |
| <u>NET ASSETS</u>                                |                            |                             |                    |
| Invested in Capital Assets - Net of Related Debt | 468,963                    | 1,255,262                   | 1,724,225          |
| Contributed Capital                              | 0                          | 11,143                      | 11,143             |
| Restricted                                       | 104,858                    | 0                           | 104,858            |
| Unrestricted                                     | 179,821                    | 424,158                     | 603,979            |
| Total Net Assets                                 | \$753,642                  | \$1,690,563                 | \$2,444,205        |
| <u>TOTAL LIABILITIES AND NET ASSETS</u>          | <u>\$2,038,898</u>         | <u>\$1,698,156</u>          | <u>\$3,737,054</u> |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

| FUNCTIONS/PROGRAMS                          | Program Revenues   |                         |  | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                    |
|---|--------------------|-------------------------|--|--|-----------------------------|--------------------|
|   | Expenses           | Charges For<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                         | Business-Type<br>Activities | Total              |
| Governmental Activities:                    |                    |                         |  |  |                             |                    |
| General Government                          | \$196,408          | \$11,827                | \$0                                      | (\$184,581)  | \$0                         | (\$184,581)        |
| Legislative                                 | 2,789              | 0                       | 0  | (2,789)  | 0                           | (2,789)            |
| Community Center                            | 9,112              | 0                       | 0  | (9,112)  | 0                           | (9,112)            |
| Village Property                            | 165,858            | 3,625                   | 0  | (162,233)  | 0                           | (162,233)          |
| Highways, Streets and Bridges               | 179,950            | 60,204                  | 0  | (119,746)  | 0                           | (119,746)          |
| Parks and Recreation                        | 8,338              | 0                       | 0  | (8,338)  | 0                           | (8,338)            |
| Building Inspector                          | 16,021             | 0                       | 0  | (16,021)   | 0                           | (16,021)           |
| Garbage Collection                          | 77,581             | 77,934                  | 0  | 353  | 0                           | 353                |
| Planning                                    | 540                | 0                       | 0  | (540)  | 0                           | (540)              |
| Zoning Board                                | 0                  | 1,283                   | 0  | 1,283  | 0                           | 1,283              |
| Interest on Long-Term Obligations           | 53,246             | 0                       | 0  | (53,246)   | 0                           | (53,246)           |
| Total Governmental Activities               | \$709,843          | \$154,873               | \$0                                      | (\$554,970)  | \$0                         | (\$554,970)        |
| Business-Type Activities:                   | 345,914            | 228,427                 | 0  | 0  | (117,487)                   | (117,487)          |
| <u>TOTALS</u>                               | <u>\$1,055,757</u> | <u>\$383,300</u>        | <u>\$0</u>                               | (\$554,970)  | (\$117,487)                 | (\$672,457)        |
| General Revenues:                           |                    |                         |  |  |                             |                    |
| Taxes:                                      |                    |                         |  |  |                             |                    |
| Property Taxes, Levied for General Purposes |                    |                         |  | 383,170  | 0                           | 383,170            |
| State Sources                               |                    |                         |  | 189,701  | 0                           | 189,701            |
| Investment Earnings                         |                    |                         |  | 15,049   | 20,329                      | 35,378             |
| Miscellaneous                               |                    |                         |  | 1,396  | 2,218                       | 3,614              |
| Internal Transfers                          |                    |                         |  | 12,475   | (12,475)                    | 0                  |
| Total General Revenues and Transfers        |                    |                         |  | \$601,791  | \$10,072                    | \$611,863          |
| Change in Net Assets                        |                    |                         |  | \$46,821   | (\$107,415)                 | (\$60,594)         |
| Net Assets - Beginning                      |                    |                         |  | 706,821  | 1,797,978                   | 2,504,799          |
| <u>Net Assets - Ending</u>                  |                    |                         |  | <u>\$753,642</u>                                   | <u>\$1,690,563</u>          | <u>\$2,444,205</u> |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2008

|  | General<br>Fund  | Special<br>Assessment<br>Bonds Fund | Major<br>Street<br>Fund | Minor<br>Street<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------|-------------------------------------|-------------------------|-------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u>                                  |                  |                                     |                         |                         |                                |                                |
| Cash and Cash Equivalents                      | \$79,854         | \$69,353                            | \$49,480                | \$16,984                | \$25,235                       | \$240,906                      |
| Accounts Receivable                            | 18,818           | 0                                   | 16,721                  | 5,491                   | 0                              | 41,030                         |
| Due from Other Funds                           | 86,302           | 0                                   | 0                       | 0                       | 0                              | 86,302                         |
| Special Assessments Receivable                 | 0                | 11,802                              | 0                       | 0                       | 0                              | 11,802                         |
| Prepaid Expenditures                           | 475              | 0                                   | 0                       | 0                       | 0                              | 475                            |
| <u>TOTAL ASSETS</u>                            | <u>\$185,449</u> | <u>\$81,155</u>                     | <u>\$66,201</u>         | <u>\$22,475</u>         | <u>\$25,235</u>                | <u>\$380,515</u>               |
| <u>LIABILITIES</u>                             |                  |                                     |                         |                         |                                |                                |
| Accounts Payable                               | \$2,113          | \$0                                 | \$0                     | \$0                     | \$522                          | \$2,635                        |
| Due to Other Funds                             | 0                | 0                                   | 57,690                  | 21,054                  | 0                              | 78,744                         |
| Deferred Revenue                               | 5,807            | 11,802                              | 0                       | 0                       | 0                              | 17,609                         |
| Total Liabilities                              | \$7,920          | \$11,802                            | \$57,690                | \$21,054                | \$522                          | \$98,988                       |
| <u>FUND BALANCES</u>                           |                  |                                     |                         |                         |                                |                                |
| Reserved - Dare                                | 10,792           | 0                                   | 0                       | 0                       | 0                              | 10,792                         |
| Reserved - Debt Retirement                     | 0                | 69,353                              | 0                       | 0                       | 289                            | 69,642                         |
| Reserved - Capital Projects                    | 0                | 0                                   | 0                       | 0                       | 24,424                         | 24,424                         |
| Unreserved                                     | 166,737          | 0                                   | 8,511                   | 1,421                   | 0                              | 176,669                        |
| Total Fund Balances                            | \$177,529        | \$69,353                            | \$8,511                 | \$1,421                 | \$24,713                       | \$281,527                      |
| <u>TOTAL LIABILITIES AND<br/>FUND BALANCES</u> | <u>\$185,449</u> | <u>\$81,155</u>                     | <u>\$66,201</u>         | <u>\$22,475</u>         | <u>\$25,235</u>                | <u>\$380,515</u>               |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2008

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|  |             |                  |
|--|-------------|------------------|
| Total Governmental Fund Balances:  |             | \$281,527        |
| Amounts reported for governmental activities in the statement of<br>net assets are different because:  |             |                  |
| Capital assets used in governmental activities are not financial<br>resources and therefore are not reported as assets in<br>governmental funds. The cost of the assets is \$1,905,594<br>and the accumulated depreciation is \$20,467 |             | 1,695,127        |
| Construction in Progress   |             | 42,000           |
| Accrued Interest on Long-Term Debt   |             | (8,650)          |
| Deferred Revenue - Special Assessments   |             | 11,802           |
| Long-term liabilities, including bonds payable, are not due and<br>payable in the current period and therefore are not reported as<br>liabilities in the funds. Long-term liabilities at year end consist of:                          |             |                  |
| Bonds Payable  | \$1,176,000 |                  |
| Contracts Payable  | 92,164      |                  |
| Total Long-Term Liabilities  |             | (1,268,164)      |
| <u>TOTAL NET ASSETS -</u><br><u>GOVERNMENTAL ACTIVITIES</u>  |             | <u>\$753,642</u> |



VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

|   | General<br>Fund   | Special<br>Assessment<br>Bonds Fund | Major<br>Street<br>Fund | Minor<br>Street<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------------------------|-------------------------|-------------------------|--------------------------------|--------------------------------|
| <b><u>REVENUES</u></b>  |                   |                                     |                         |                         |                                |                                |
| Taxes   | \$383,170         | \$0                                 | \$0                     | \$0                     | \$0                            | \$383,170                      |
| State Sources   | 96,604            | 0                                   | 59,589                  | 33,508                  | 0                              | 189,701                        |
| Other Sources   | 164,671           | 9,586                               | 665                     | 624                     | 1,020                          | 176,566                        |
| Total Revenues  | <u>\$644,445</u>  | <u>\$9,586</u>                      | <u>\$60,254</u>         | <u>\$34,132</u>         | <u>\$1,020</u>                 | <u>\$749,437</u>               |
| <b><u>EXPENDITURES</u></b>                                      |                   |                                     |                         |                         |                                |                                |
| Current:  |                   |                                     |                         |                         |                                |                                |
| General Government  | 184,385           | 0                                   | 0                       | 0                       | 0                              | 184,385                        |
| Legislative   | 2,789             | 0                                   | 0                       | 0                       | 0                              | 2,789                          |
| Community Center  | 9,112             | 0                                   | 0                       | 0                       | 0                              | 9,112                          |
| Village Property  | 122,631           | 0                                   | 0                       | 0                       | 0                              | 122,631                        |
| Highways, Streets & Bridges                                     | 40,363            | 0                                   | 217,486                 | 82,530                  | 0                              | 340,379                        |
| Parks and Recreation  | 7,898             | 0                                   | 0                       | 0                       | 440                            | 8,338                          |
| Building Inspector  | 16,021            | 0                                   | 0                       | 0                       | 0                              | 16,021                         |
| Garbage Collection  | 77,581            | 0                                   | 0                       | 0                       | 0                              | 77,581                         |
| Planning  | 540               | 0                                   | 0                       | 0                       | 0                              | 540                            |
| Debt Retirement   |                   |                                     |                         |                         |                                |                                |
| Principal   | 0                 | 20,000                              | 0                       | 0                       | 27,000                         | 47,000                         |
| Interest  | 0                 | 5,970                               | 0                       | 0                       | 47,095                         | 53,065                         |
| Other   | 0                 | 275                                 | 0                       | 0                       | 294                            | 569                            |
| Total Expenditures  | <u>\$461,320</u>  | <u>\$26,245</u>                     | <u>\$217,486</u>        | <u>\$82,530</u>         | <u>\$74,829</u>                | <u>\$862,410</u>               |
| Excess (Deficiency) of<br>Revenues Over (Under)<br>Expenditures | \$183,125         | (\$16,659)                          | (\$157,232)             | (\$48,398)              | (\$73,809)                     | (\$112,973)                    |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                    |                   |                                     |                         |                         |                                |                                |
| Transfers to (from) Other Funds                                 | (238,800)         | 0                                   | 138,000                 | 41,060                  | 72,215                         | 12,475                         |
| Net Change in Fund Balance                                      | <u>(\$55,675)</u> | <u>(\$16,659)</u>                   | <u>(\$19,232)</u>       | <u>(\$7,338)</u>        | <u>(\$1,594)</u>               | <u>(\$100,498)</u>             |
| <b><u>FUND BALANCE - BEGINNING</u></b>                          | <u>233,204</u>    | <u>86,012</u>                       | <u>27,743</u>           | <u>8,759</u>            | <u>26,307</u>                  | <u>382,025</u>                 |
| <b><u>FUND BALANCE - ENDING</u></b>                             | <u>\$177,529</u>  | <u>\$69,353</u>                     | <u>\$8,511</u>          | <u>\$1,421</u>          | <u>\$24,713</u>                | <u>\$281,527</u>               |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

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|  |             |
|--|-------------|
| Total net change in fund balances - governmental funds | (\$100,498) |
|--|-------------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

42,543

Construction in Progress

42,000

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.

67,636

Revenue is recorded on the accrual method in the statement of activities; in the governmental fund it is recorded on the modified accrual method and not considered available:

Deferred Revenue Beginning of Year - Special Assessment

(17,050)

Deferred Revenue End of Year - Special Assessment

11,802

Change in accrued interest on long-term liabilities

388

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$46,821

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
AS OF JUNE 30, 2008

|   | <u>Enterprise</u>  |
|---|--------------------|
| <u>ASSETS</u>                                   |                    |
| <u>CURRENT ASSETS</u>                           |                    |
| Cash and Cash Equivalents                       | \$429,599          |
| Interest Receivable                             | 2,644              |
| Fees Receivable                                 | 10,651             |
| Total Current Assets                            | <u>\$442,894</u>   |
| <u>NON-CURRENT ASSETS</u>                       |                    |
| Capital Assets:                                 |                    |
| Sewer System                                    | 2,204,215          |
| Less Accumulated Depreciation                   | (948,953)          |
| Total Noncurrent Assets                         | <u>\$1,255,262</u> |
| <u>TOTAL ASSETS</u>                             | <u>\$1,698,156</u> |
| <u>LIABILITIES</u>                              |                    |
| <u>CURRENT LIABILITIES</u>                      |                    |
| Accounts Payable                                | \$35               |
| Due to Other Funds                              | 7,558              |
| Total Current Liabilities                       | <u>\$7,593</u>     |
| <u>NET ASSETS</u>                               |                    |
| <u>NET ASSETS</u>                               |                    |
| Invested in Capital Assets, Net of Related Debt | 1,255,262          |
| Contributed Capital                             | 11,143             |
| Unrestricted                                    | 424,158            |
| Total Net Assets                                | <u>\$1,690,563</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u>         | <u>\$1,698,156</u> |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2008

|   | <u>Enterprise</u>  |
|---|--------------------|
| <u>OPERATING REVENUES</u>               |                    |
| Charges for Services                    | \$228,427          |
| Miscellaneous Income                    | 2,218              |
| Total Operating Revenues                | <u>\$230,645</u>   |
| <u>OPERATING EXPENSES</u>               |                    |
| Salaries and Wages                      | 48,893             |
| Payroll Taxes                           | 3,901              |
| Fringe Benefits                         | 12,649             |
| Equipment Maintenance                   | 49,969             |
| Contracted Services                     | 1,540              |
| Telephone                               | 430                |
| Utilities                               | 1,375              |
| Supplies                                | 849                |
| Insurance                               | 2,260              |
| Usage Fees                              | 161,406            |
| Miscellaneous                           | 7,403              |
| Total Operating Expenses                | <u>\$345,914</u>   |
| Operating (Loss)                        | (115,269)          |
| <u>NONOPERATING REVENUES (EXPENSES)</u> |                    |
| Interest Revenue                        | 20,329             |
| Transfer to Other Funds                 | (12,475)           |
| Total Nonoperating Revenues (Expenses)  | <u>\$7,854</u>     |
| Change in Net Assets                    | (\$107,415)        |
| <u>NET ASSETS - BEGINNING</u>           | <u>1,797,978</u>   |
| <u>NET ASSETS - ENDING</u>              | <u>\$1,690,563</u> |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2008

|   | <u>Enterprise</u>        |
|---|--------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u>                           |                          |
| Cash Received from Service Users                                      | \$230,645                |
| Cash Received from Sewer Installations                                | 7,570                    |
| Cash Payments for Goods and Services                                  | (222,106)                |
| Cash Payments to Employees  | (65,443)                 |
| Net Cash (Used In) Operating Activities                               | <u>(\$49,334)</u>        |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>                           |                          |
| Transfer to Other Funds   | (12,475)                 |
| Interest Earned on Investments  | <u>20,329</u>            |
| Net Cash Provided By Investing Activities                             | <u>\$7,854</u>           |
| <u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>                    | (41,480)                 |
| <u>BALANCE - BEGINNING OF YEAR</u>                                    | <u>471,079</u>           |
| <u>BALANCE - END OF YEAR</u>  | <u><u>\$429,599</u></u>  |
| <u>Reconciliation of Operating (Loss) to Net Cash Provided (Used)</u> |                          |
| <u>By Operating Activities</u>  |                          |
| Operating (Loss)  | (\$115,269)              |
| Adjustments to Reconcile Operating (Loss) to Net Cash                 |                          |
| Provided (Used) by Operating Activities:                              |                          |
| Depreciation and Amortization   | 55,239                   |
| (Increase) Decrease in Assets   |                          |
| Accounts Receivable   | 6,478                    |
| Interest Receivable   | 1,092                    |
| Increase (Decrease) in Liabilities                                    |                          |
| Accounts Payable  | (4,427)                  |
| Due to Other Funds  | <u>7,553</u>             |
| <u>NET CASH (USED IN) OPERATING ACTIVITIES</u>                        | <u><u>(\$49,334)</u></u> |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

|                                       | <u>Budgeted Amounts</u> |              |               | <u>Variance With</u> |
|---------------------------------------|-------------------------|--------------|---------------|----------------------|
|                                       | <u>Original</u>         | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u>  |
| <u>REVENUES</u>                       |                         |              |               |                      |
| Taxes                                 | \$377,446               | \$383,702    | \$383,170     | (\$532)              |
| State Sources                         | 95,000                  | 98,540       | 96,604        | (1,936)              |
| Other Sources                         | 152,393                 | 169,526      | 164,671       | (4,855)              |
| Total Revenues                        | \$624,839               | \$651,768    | \$644,445     | (\$7,323)            |
| <u>EXPENDITURES</u>                   |                         |              |               |                      |
| Current:                              |                         |              |               |                      |
| General Government                    | 181,262                 | 186,758      | 184,385       | 2,373                |
| Legislative                           | 1,360                   | 2,789        | 2,789         | 0                    |
| Police Protection                     | 500                     | 500          | 0             | 500                  |
| Community Center                      | 17,445                  | 11,045       | 9,112         | 1,933                |
| Village Property                      | 125,190                 | 126,686      | 122,631       | 4,055                |
| Highways, Streets and Bridges         | 45,700                  | 41,200       | 40,363        | 837                  |
| Parks and Recreation                  | 12,395                  | 9,895        | 7,898         | 1,997                |
| Building Inspector                    | 20,948                  | 19,519       | 16,021        | 3,498                |
| Garbage Collection                    | 78,193                  | 78,193       | 77,581        | 612                  |
| Planning                              | 2,160                   | 660          | 540           | 120                  |
| Disaster Fund                         | 500                     | 500          | 0             | 500                  |
| Zoning Board                          | 1,440                   | 200          | 0             | 200                  |
| Total Expenditures                    | \$487,093               | \$477,945    | \$461,320     | \$16,625             |
| Excess (Deficiency) of Revenues       |                         |              |               |                      |
| Over (Under) Expenditures             | \$137,746               | \$173,823    | \$183,125     | \$9,302              |
| <u>OTHER FINANCING SOURCES (USES)</u> | (192,977)               | (246,904)    | (238,800)     | 8,104                |
| Net Change in Fund Balance            | (\$55,231)              | (\$73,081)   | (\$55,675)    | \$17,406             |
| <u>FUND BALANCE - BEGINNING</u>       |                         |              | 233,204       |                      |
| <u>FUND BALANCE - ENDING</u>          |                         |              | \$177,529     |                      |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL ASSESSMENT BONDS FUND  
FOR THE YEAR ENDED JUNE 30, 2008

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <u>Variance With<br/>Final Budget</u> |
|--|-------------------------|-----------------|-----------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>    |                 |                                       |
| <u>REVENUES</u>  |                         |                 |                 |                                       |
| Taxes  | \$5,489                 | \$5,489         | \$5,248         | (\$241)                               |
| Other Sources  | 4,962                   | 4,962           | 4,338           | (624)                                 |
| Total Revenues   | <u>\$10,451</u>         | <u>\$10,451</u> | <u>\$9,586</u>  | <u>(\$865)</u>                        |
| <u>EXPENDITURES</u>  |                         |                 |                 |                                       |
| Current:   |                         |                 |                 |                                       |
| Principal  | 20,000                  | 20,000          | 20,000          | 0                                     |
| Interest   | 6,000                   | 6,000           | 5,970           | 30                                    |
| Other  | 305                     | 305             | 275             | 30                                    |
| Total Expenditures   | <u>\$26,305</u>         | <u>\$26,305</u> | <u>\$26,245</u> | <u>\$60</u>                           |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (\$15,854)              | (\$15,854)      | (\$16,659)      | (\$805)                               |
| <u>FUND BALANCE - BEGINNING</u>                              |                         |                 | <u>86,012</u>   |                                       |
| <u>FUND BALANCE - ENDING</u>                                 |                         |                 | <u>\$69,353</u> |                                       |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MAJOR STREET FUND  
FOR THE YEAR ENDED JUNE 30, 2008

|                                       | <u>Budgeted Amounts</u> |              |               | <u>Variance With</u> |
|---------------------------------------|-------------------------|--------------|---------------|----------------------|
|                                       | <u>Original</u>         | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u>  |
| <u>REVENUES</u>                       |                         |              |               |                      |
| State Sources                         | \$63,500                | \$63,975     | \$59,589      | (\$4,386)            |
| Other Sources                         | 300                     | 635          | 665           | 30                   |
| Total Revenues                        | \$63,800                | \$64,610     | \$60,254      | (\$4,356)            |
| <u>EXPENDITURES</u>                   |                         |              |               |                      |
| Current:                              |                         |              |               |                      |
| Highways, Streets and Bridges         | 169,208                 | 220,130      | 217,486       | 2,644                |
| Excess (Deficiency) of Revenues       |                         |              |               |                      |
| Over (Under) Expenditures             | (\$105,408)             | (\$155,520)  | (\$157,232)   | (\$1,712)            |
| <u>OTHER FINANCING SOURCES (USES)</u> | 105,408                 | 143,000      | 138,000       | (5,000)              |
| Net Change in Fund Balance            | \$0                     | (\$12,520)   | (\$19,232)    | (\$6,712)            |
| <u>FUND BALANCE - BEGINNING</u>       |                         |              | 27,743        |                      |
| <u>FUND BALANCE - ENDING</u>          |                         |              | \$8,511       |                      |

See accompanying notes to the basic financial statements.



VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
MINOR STREET FUND  
FOR THE YEAR ENDED JUNE 30, 2008

|  | <u>Budgeted Amounts</u> |              |               |                                       |
|--|-------------------------|--------------|---------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u> | <u>Actual</u> | <u>Variance With<br/>Final Budget</u> |
| <u>REVENUES</u>  |                         |              |               |                                       |
| State Sources  | \$35,800                | \$35,900     | \$33,508      | (\$2,392)                             |
| Other Sources  | 100                     | 600          | 624           | 24                                    |
| Total Revenues   | \$35,900                | \$36,500     | \$34,132      | (\$2,368)                             |
| <u>EXPENDITURES</u>  |                         |              |               |                                       |
| Current:   |                         |              |               |                                       |
| Highways, Streets and Bridges                                | 61,564                  | 84,334       | 82,530        | 1,804                                 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (\$25,664)              | (\$47,834)   | (\$48,398)    | (\$564)                               |
| <u>OTHER FINANCING SOURCES (USES)</u>                        | 25,664                  | 44,164       | 41,060        | (3,104)                               |
| Net Change in Fund Balance                                   | \$0                     | (\$3,670)    | (\$7,338)     | (\$3,668)                             |
| <u>FUND BALANCE - BEGINNING</u>                              |                         |              | 8,759         |                                       |
| <u>FUND BALANCE - ENDING</u>                                 |                         |              | \$1,421       |                                       |

See accompanying notes to the basic financial statements.

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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1) REPORTING ENTITY

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. The Village of Goodrich's Council is the primary government which has oversight responsibility and control over all activities related to sanitation, public improvements, planning and zoning, and general administrative services within the Village. The Village receives funding from local, state and federal government sources and must comply with the accompanying requirements of these funding sources. However, the Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements since the Village Council is a publicly elected governing body that has separate legal standing and is fiscally independent of other governmental entities. As such, the Village Council has decision making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village of Goodrich conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the Village’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the Village’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Village’s basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Village are grouped into the categories governmental and proprietary.

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Village. Revenues are derived primarily from property taxes and state distributions, grants and other intergovernmental revenues.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Major and minor street funds account for the resources of state gas and weight revenues that are restricted for use on streets.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. (Special Assessments Bonds, Michigan Transportation Bonds Fund and Capital Improvement Bond).

Capital Projects Fund

The Capital Projects Fund is used to account for the significant construction projects of the Village. (Public Improvement Fund).

PROPRIETARY FUND

The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Enterprise Fund

This fund accounts for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The sewer fund accounts for all activities related to the sewage collection system.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The proprietary fund also uses the accrual basis of accounting.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Village reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Village receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

The Village considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. In accordance with the provisions of GASB 34 the Village has elected to capitalize the cost of government fund infrastructure assets after the implementation date of GASB 34. Prior acquisitions or construction costs of infrastructure assets will not be recorded.

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) CAPITAL ASSETS (Continued)

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>      | <u>Governmental Activities</u><br><u>Estimated Lives</u> |
|-------------------------|--|
| Land                    | N/A  |
| Improvements            | 15 – 50 Years  |
| Furniture and Equipment | 5 – 20 Years   |
| Vehicles                | 5 Years  |

F) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

G) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

H) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I) BUDGETS

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Two to three months prior to the beginning of the ensuing fiscal year, the Village Council reviews a proposed operating budget which includes proposed revenues and expenditures.
- 2) Prior to the beginning of the ensuing fiscal year, the Village Council passes a general appropriations act reflecting formal budget approval in accordance with the Michigan Uniform Budget Act.
- 3) Budgets for the general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- 4) Budgeted amounts in this report are as originally adopted or as amended by the Village Council. Amendments were not material in relation to the original appropriations which were amended.

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the functional level.

4) INVESTMENTS

In accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended. The Village of Goodrich is empowered to invest in the following:

- A) In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- B) In certificates of deposits, savings account, deposit account, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of Michigan or the United States.
- C) In commercial paper rated at the time of purchase within the highest classifications, as established by rating services that matures not more than 270 days after the date of purchase.
- D) In United States government of federal agency obligation repurchase agreements.
- E) In banker's acceptance of United States banks.
- F) Repurchase agreement shall be negotiated only with dealers or financial institutions with whom the Village has negotiated a Master Repurchase Agreement. Repurchase Agreements must be signed with the bank or dealer and must contain provisions similar to those outlined in the Public Security Association's model Master Repurchase Agreement.
- G) Mutual funds registered under the investment company Act of 1940, title 1 chapter 686, 54 Stat. 789, 15 U.S.C. 80 a-1 to 80a-3 and 80-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment are limited to funds whose intention is to maintain a net assets value of \$1.00 per share.
- H) Investment pools organized under the surplus funds investment pool act of Michigan, 1982 PA 367,
- I) Obligations described in subdivisions (a) through (f), as named above if purchased through an interlocal agreement under the urban cooperation act of 1967.

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

|                                    | Balance<br>July 1, 2007 | Additions         | Deductions | Balance<br>June 30, 2008 |
|------------------------------------|-------------------------|-------------------|------------|--------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>     |                         |                   |            |                          |
| Land                               | \$ 150,000              | \$0               | \$0        | \$150,000                |
| Buildings and Improvements         | 984,150                 | 0                 | 0          | 984,150                  |
| Furniture and Equipment            | 81,035                  | 0                 | 0          | 81,035                   |
| Land Improvements                  | 171,985                 | 369,379           | 0          | 541,364                  |
| Vehicles                           | 149,045                 | 0                 | 0          | 149,045                  |
| Totals at Historical Cost          | \$1,536,215             | \$369,379         | \$0        | \$1,905,594              |
| Less: Accumulated Depreciation     |                         |                   |            |                          |
| Building and Improvements          | (60,046)                | (24,604)          | 0          | (84,650)                 |
| Furniture and Equipment            | (53,884)                | (10,007)          | 0          | (63,891)                 |
| Leasehold Improvements             | (15,562)                | (11,466)          | 0          | (27,028)                 |
| Vehicles                           | (5,089)                 | (29,809)          | 0          | (34,898)                 |
| Total Accumulated Depreciation     | (\$ 134,581)            | (\$75,886)        | \$0        | (\$210,467)              |
| <b>GOVERNMENTAL ACTIVITIES</b>     |                         |                   |            |                          |
| <b><u>CAPITAL ASSETS - NET</u></b> | <u>\$1,401,634</u>      | <u>\$293,493</u>  | <u>\$0</u> | <u>\$1,695,127</u>       |
| <b>BUSINESS - TYPE ACTIVITIES</b>  |                         |                   |            |                          |
| Sewer System                       | \$2,204,215             | \$0               | \$0        | \$2,204,215              |
| Less: Accumulated Depreciation     | (893,714)               | (55,239)          | 0          | (948,953)                |
| <b>BUSINESS - TYPE ACTIVITIES</b>  |                         |                   |            |                          |
| <b><u>CAPITAL ASSETS - NET</u></b> | <u>\$1,310,501</u>      | <u>(\$55,239)</u> | <u>\$0</u> | <u>\$1,255,262</u>       |

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

|                     | Governmental     | Business -<br>Type | TOTAL             |
|---------------------|------------------|--------------------|-------------------|
| General Government  | \$ 32,659        | \$ 55,239          | \$ 87,898         |
| Village Property    | 43,227           | 0                  | 43,227            |
| <b><u>TOTAL</u></b> | <u>\$ 75,886</u> | <u>\$ 55,239</u>   | <u>\$ 131,125</u> |

6) FUND BALANCE RESERVES

RESERVED FUND BALANCE

Reserved for Project DARE

General Fund

\$ 10,792

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

7) PROPERTY TAX

The Village levies its property taxes on July 1 and collects its own property taxes until February. The delinquent real property taxes of the Village are purchased by the County of Genesee, and delinquent personal property taxes continue to be collected by the Village and recorded as revenue as they are collected. The County sells tax notes, the proceeds of which have been used to pay the Village for these property taxes. These taxes have been recorded as revenue for the current year.

8) GENERAL LONG-TERM DEBT

A) CONTRACTS PAYABLE

The Village is indebted to Davison State Bank in the amount of \$145,000 bearing interest at 4.79% for the purchase of land. The contract is payable in annual installments with interest payable in semi-annual installments. The contract is secured by property. The contract matures May 1, 2012. The balance at June 30, 2008 was \$67,000.

The Village is indebted to Davison State Bank in the amount of \$30,800 bearing interest at 4.25%. The contract is payable in annual installments of \$6,967 including interest. The contract is secured by a vehicle. The contract matures April, 2012. The balance at June 30, 2008 was \$25,164.

B) BONDS PAYABLE

The Village of Goodrich has issued general obligation bonds for the purpose of defraying the cost of various additions and improvements as follows:

| <u>BONDS</u>   | <u>ISSUE<br/>AMOUNT</u> | <u>BONDS<br/>OUTSTANDING</u> | <u>INTEREST<br/>RATE</u> |
|--|-------------------------|------------------------------|--------------------------|
| Special Assessment Limited<br>Tax Bonds, Series 1996 | \$ 285,000              | \$ 100,000                   | 5.60% to 7.50%           |
| Michigan Transportation Fund<br>Bonds, Series 1996   | 155,000                 | 60,000                       | 5.60% to 7.50%           |
| Capital Improvement Bond,<br>Series 2003             | 1,060,000               | 1,016,000                    | 4.25%                    |

C) CHANGES IN GENERAL LONG-TERM DEBT

|  | <u>Balance<br/>July 1, 2007</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance<br/>June 30, 2008</u> | <u>Amount Due<br/>in One Year</u> |
|--|---------------------------------|------------------|-------------------|----------------------------------|-----------------------------------|
| Governmental Activities:                 |                                 |                  |                   |                                  |                                   |
| Bonds Payable                            | \$1,223,000                     | \$0              | \$47,000          | \$1,176,000                      | \$52,000                          |
| Contracts Payable                        | 112,800                         | 0                | 20,636            | 92,164                           | 21,899                            |
| <u>Total Governmental<br/>Activities</u> | <u>\$1,335,800</u>              | <u>\$0</u>       | <u>\$67,636</u>   | <u>\$1,268,164</u>               | <u>\$73,899</u>                   |



VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

8) GENERAL LONG-TERM DEBT (Continued)

D) ANNUAL PRINCIPAL REQUIREMENTS

| GOVERNMENTAL ACTIVITIES |                    |                   |                  |                    |
|-------------------------|--------------------|-------------------|------------------|--------------------|
| JUNE 30                 | Bonds Payable      | Contracts Payable | Interest         | Total              |
| 2009                    | \$52,000           | \$21,899          | \$54,903         | 128,802            |
| 2010                    | 53,000             | 22,149            | 51,202           | 126,351            |
| 2011                    | 53,000             | 23,411            | 47,434           | 123,845            |
| 2012                    | 54,000             | 24,683            | 43,545           | 122,228            |
| 2013                    | 14,000             | 0                 | 40,673           | 54,673             |
| 2014-2018               | 82,000             | 0                 | 193,460          | 275,460            |
| 2019-2023               | 101,000            | 0                 | 174,058          | 275,058            |
| 2024-2028               | 125,000            | 0                 | 150,131          | 275,131            |
| 2029-2033               | 156,000            | 0                 | 120,360          | 276,360            |
| 2034-2038               | 192,000            | 0                 | 83,598           | 275,598            |
| 2039-2043               | 240,000            | 0                 | 37,824           | 277,824            |
| 2044                    | 54,000             | 0                 | 1,148            | 55,148             |
| <b>TOTAL</b>            | <b>\$1,176,000</b> | <b>\$92,142</b>   | <b>\$998,336</b> | <b>\$2,266,478</b> |

The interest expenditures on long-term obligations for the year were \$58,336.

9) INTERFUND BALANCES

Interfund balances at June 30, 2008 consisted of the following:

| DUE TO           |                 |
|------------------|-----------------|
| DUE FROM         | General Fund    |
| Major Street     | \$57,690        |
| Minor Street     | 21,054          |
| Proprietary Fund | 7,558           |
| <b>TOTAL</b>     | <b>\$86,302</b> |

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

10) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008, consisted of the following:

| TRANSFERS FROM  |                  |                 |                  |                  |
|-----------------|------------------|-----------------|------------------|------------------|
| TRANSFERS TO    | General Fund     | Special Revenue | Proprietary Fund | Total            |
| Debt Retirement | \$40,800         | \$18,940        | \$12,475         | \$72,215         |
| Special Revenue | 198,000          | 0               | 0                | 198,000          |
| <b>TOTAL</b>    | <b>\$238,800</b> | <b>\$18,940</b> | <b>\$12,475</b>  | <b>\$270,215</b> |

The general fund charges the Major and Local Street funds for equipment rental, based on a fee schedule computed on an hourly basis.

VILLAGE OF GOODRICH, MICHIGAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

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11) RETIREMENT PLAN

The Village provides pension benefits for its non- union employees. The pension plan is a money purchase pension plan whereby benefits received upon termination or retirement depend solely on amounts contributed to the plan plus investment earnings. The current year covered payroll was \$232,243. The Village's total payroll amounted to \$243,420. The Village's contribution amounted to \$11,985.

Effective July 1, 2006, the Village of Goodrich pension plan was amended to reflect the following employer contribution percentage increases; general employees – 5%, administrator – 8%, part-time employees – 1% then 3% after fully vested or five years.

12) CONCENTRATIONS OF CREDIT RISK

The Village has significant receivables due from its local residents for tap in fees and user fees for its sewage system. The Village can add unpaid fees to the property owners tax bill creating an enforceable lien.

13) CONTINGENCIES AND COMMITMENTS

The Village is subject to certain claims and litigation. In the opinion of management and their legal counsel, the outcome of such matters will not have a material effect on the financial position of the Village.

14) RISK MANAGEMENT

The Village is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The Village limits its exposure to such claims through its participation in and payments of premiums for insurance coverages. The Village management believes that this provides sufficient coverage to protect the Village from any significant adverse financial impact.

**OTHER SUPPLEMENTAL  
INFORMATION**

VILLAGE OF GOODRICH, MICHIGAN  
BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2008

|  | Public<br>Improvement<br>Fund | Debt<br>Retirement<br>Funds | Total<br>Other<br>Governmental<br>Funds |
|--|-------------------------------|-----------------------------|---|
| <u>ASSETS</u>                                  |                               |                             |   |
| Cash and Cash Equivalents                      | \$24,864                      | \$371                       | \$25,235                                |
| <u>TOTAL ASSETS</u>                            | <u>\$24,864</u>               | <u>\$371</u>                | <u>\$25,235</u>                         |
| <u>LIABILITIES</u>                             |                               |                             |   |
| Accounts Payable                               | \$440                         | \$82                        | \$522                                   |
| <u>FUND BALANCES</u>                           |                               |                             |   |
| Reserved - Debt Retirement                     | 0                             | 289                         | 289                                     |
| Reserved - Capital Projects                    | 24,424                        | 0                           | 24,424                                  |
| Total Fund Balances                            | \$24,424                      | \$289                       | \$24,713                                |
| <u>TOTAL LIABILITIES AND<br/>FUND BALANCES</u> | <u>\$24,864</u>               | <u>\$371</u>                | <u>\$25,235</u>                         |

VILLAGE OF GOODRICH, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

|  | Public<br>Improvement<br>Fund | Debt<br>Retirement<br>Funds | Total<br>Other<br>Governmental<br>Funds |
|--|-------------------------------|-----------------------------|---|
| <u>REVENUES</u>  |                               |                             |   |
| Other Sources  | \$947                         | \$73                        | \$1,020                                 |
| <u>EXPENDITURES</u>  |                               |                             |   |
| Current:   |                               |                             |   |
| Parks and Recreation   | 440                           | 0                           | 440                                     |
| Debt Retirement  | 0                             | 74,389                      | 74,389                                  |
| Total Expenditures   | \$440                         | \$74,389                    | \$74,829                                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | \$507                         | (\$74,316)                  | (\$73,809)                              |
| <u>OTHER FINANCING SOURCES (USES)</u>                        |                               |                             |   |
| Transfers to (from) Other Funds                              | 0                             | 72,215                      | 72,215                                  |
| Net Change in Fund Balance                                   | \$507                         | (\$2,101)                   | (\$1,594)                               |
| <u>FUND BALANCE - BEGINNING</u>                              | 23,917                        | 2,390                       | 26,307                                  |
| <u>FUND BALANCE - ENDING</u>                                 | \$24,424                      | \$289                       | \$24,713                                |

VILLAGE OF GOODRICH, MICHIGAN  
COMBINING BALANCE SHEETS  
DEBT RETIREMENT FUNDS  
AS OF JUNE 30, 2008

|  | Capital<br>Improvement<br>Bond | Michigan<br>Transportation<br>Bonds Fund | Total        |
|--|--------------------------------|--|--------------|
| <u>ASSETS</u>                                  |                                |  |              |
| Cash and Cash Equivalents                      | \$101                          | \$270                                    | \$371        |
| <u>TOTAL ASSETS</u>                            | <u>\$101</u>                   | <u>\$270</u>                             | <u>\$371</u> |
| <u>LIABILITIES</u>                             |                                |  |              |
| Accounts Payable                               | \$82                           | \$0                                      | \$82         |
| <u>FUND EQUITY</u>                             |                                |  |              |
| Reserved - Debt Retirement                     | 19                             | 270                                      | 289          |
| <u>TOTAL LIABILITIES AND<br/>FUND BALANCES</u> | <u>\$101</u>                   | <u>\$270</u>                             | <u>\$371</u> |

VILLAGE OF GOODRICH, MICHIGAN  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
DEBT RETIREMENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

|  | Capital<br>Improvement<br>Bond | Michigan<br>Transportation<br>Bonds Fund | Total            |
|--|--------------------------------|--|------------------|
| <u>REVENUES</u>  |                                |  |                  |
| <u>Other Sources</u>   |                                |  |                  |
| Interest Income  | \$0                            | \$73                                     | \$73             |
| <u>OTHER FINANCING SOURCES</u>   |                                |  |                  |
| Transfer from Other Funds  | 53,275                         | 18,940                                   | 72,215           |
| Total Revenues and Other Financing Sources                               | <u>\$53,275</u>                | <u>\$19,013</u>                          | <u>\$72,288</u>  |
| <u>EXPENDITURES</u>  |                                |  |                  |
| Principal Paid   | 12,000                         | 15,000                                   | 27,000           |
| Interest   | 43,435                         | 3,660                                    | 47,095           |
| Other Expense  | 0                              | 294                                      | 294              |
| Total Expenditures   | <u>\$55,435</u>                | <u>\$18,954</u>                          | <u>\$74,389</u>  |
| <u>EXCESS REVENUES AND OTHER FINANCING<br/>SOURCES OVER EXPENDITURES</u> | <u>(\$2,160)</u>               | <u>\$59</u>                              | <u>(\$2,101)</u> |
| <u>FUND BALANCE - BEGINNING OF YEAR</u>                                  | <u>\$2,179</u>                 | <u>\$211</u>                             | <u>\$2,390</u>   |
| <u>FUND BALANCE - END OF YEAR</u>  | <u>\$19</u>                    | <u>\$270</u>                             | <u>\$289</u>     |

VILLAGE OF GOODRICH, MICHIGAN  
SCHEDULE OF REVENUES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

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TAX COLLECTIONS

|                |           |
|----------------|-----------|
| Property Taxes | \$383,170 |
|----------------|-----------|

STATE SOURCES

|                   |        |
|-------------------|--------|
| Sales and Use Tax | 96,604 |
|-------------------|--------|

OTHER SOURCES

|                         |                  |
|-------------------------|------------------|
| Equipment Rental        | 60,204           |
| Garbage Collection Fees | 77,934           |
| Interest Earned         | 8,402            |
| Fines, Fees and Permits | 4,708            |
| Charter Communications  | 7,427            |
| Miscellaneous Revenue   | 5,996            |
| Total Other Sources     | <u>\$164,671</u> |

TOTAL REVENUES

|                  |
|------------------|
| <u>\$644,445</u> |
|------------------|



VILLAGE OF GOODRICH, MICHIGAN  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

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GENERAL GOVERNMENT

|                          |                  |
|--------------------------|------------------|
| Manager's Salary         | \$33,546         |
| Clerk's Salary           | 11,585           |
| Treasurer's Salary       | 11,110           |
| Secretary's Salary       | 10,765           |
| Accounting Fees          | 4,069            |
| Legal                    | 12,458           |
| Telephone                | 3,577            |
| Printing and Publishing  | 1,159            |
| Insurance                | 26,777           |
| Miscellaneous            | 5,680            |
| Payroll Taxes            | 5,126            |
| Planner                  | 2,955            |
| Fringe Benefits          | 17,183           |
| Office Operations        | 4,280            |
| Supplies                 | 1,090            |
| Postage                  | 500              |
| Maintenance Contracts    | 2,453            |
| Memberships and Dues     | 2,243            |
| Rent and Utilities       | 3,736            |
| Training                 | 2,179            |
| Land Purchase            | 18,940           |
| Equipment                | 2,974            |
| Total General Government | <u>\$184,385</u> |

LEGISLATIVE

|                   |                |
|-------------------|----------------|
| Council's Salary  | 2,590          |
| Payroll Taxes     | 199            |
| Total Legislative | <u>\$2,789</u> |

ELECTIONS
COMMUNITY CENTER

|                         |                |
|-------------------------|----------------|
| Salaries and Wages      | 1,565          |
| Supplies                | 52             |
| Utilities and Telephone | 3,495          |
| Maintenance and Repairs | 3,880          |
| Payroll Taxes           | 120            |
| Total Community Center  | <u>\$9,112</u> |

VILLAGE OF GOODRICH, MICHIGAN  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

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VILLAGE PROPERTY

|                         |                 |
|-------------------------|-----------------|
| Salaries and Wages      | \$48,865        |
| Payroll Taxes           | 3,739           |
| Supplies                | 1,399           |
| Gas and Oil             | 6,786           |
| Utilities               | 7,121           |
| Tree Removal            | 6,550           |
| Maintenance and Repairs | 34,706          |
| Mill Pond Spraying      | 3,745           |
| Beautification          | 2,729           |
| Equipment Purchase      | 6,991           |
| Total Village Property  | <hr/> \$122,631 |

HIGHWAYS, STREETS AND BRIDGES

|                                     |                |
|-------------------------------------|----------------|
| Drains                              | 6,989          |
| Street Lighting                     | 33,374         |
| Total Highways, Streets and Bridges | <hr/> \$40,363 |

PARKS AND RECREATION

|                            |               |
|----------------------------|---------------|
| Salaries and Wages         | 5,268         |
| Payroll Taxes              | 403           |
| Supplies                   | 433           |
| Maintenance and Repairs    | 1,794         |
| Total Parks and Recreation | <hr/> \$7,898 |

BUILDING INSPECTOR

|                          |                |
|--------------------------|----------------|
| Salaries and Wages       | 11,779         |
| Payroll Taxes            | 901            |
| Fringe Benefits          | 1,645          |
| Dues and Membership      | 100            |
| Rent                     | 914            |
| Telephone                | 287            |
| Maintenance              | 395            |
| Total Building Inspector | <hr/> \$16,021 |

GARBAGE COLLECTION

|                   |        |
|-------------------|--------|
| Contract Services | 77,581 |
|-------------------|--------|

PLANNING

|                     |           |
|---------------------|-----------|
| Planning Commission | <hr/> 540 |
|---------------------|-----------|

|                           |           |
|---------------------------|-----------|
| <u>Total Expenditures</u> | \$461,320 |
|---------------------------|-----------|

VILLAGE OF GOODRICH, MICHIGAN  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2008

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OTHER FINANCING USES

|                                   |                  |
|-----------------------------------|------------------|
| Transfer to 2003 Debt             | \$40,800         |
| Transfer to Major & Minor Streets | 198,000          |
| Total Other Financing Uses        | <u>\$238,800</u> |

|  |                  |
|--|------------------|
| <u>TOTAL EXPENDITURES AND OTHER FINANCING USES</u> | <u>\$700,120</u> |
|--|------------------|

VILLAGE OF GOODRICH, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

SPECIAL ASSESSMENT LIMITED TAX BONDS, SERIES 1996  
Ridge Road/Janaroy Court Improvements, Interest Coupon Rates 5.6% to 7.5%

Original amount of issue - \$285,000

| <u>DATE</u>   | <u>PRINCIPAL<br/>AMOUNT</u> | <u>AMOUNT<br/>NOVEMBER 1</u> | <u>AMOUNT<br/>MAY 1</u> | <u>TOTAL</u>     |
|---------------|-----------------------------|------------------------------|-------------------------|------------------|
| 2008-2009     | \$25,000                    | \$2,725                      | \$2,063                 | \$29,788         |
| 2009-2010     | 25,000                      | 2,062                        | 1,387                   | 28,449           |
| 2010-2011     | 25,000                      | 1,388                        | 700                     | 27,088           |
| 2011-2012     | 25,000                      | 700                          | 0                       | 25,700           |
| <u>TOTALS</u> | <u>\$100,000</u>            | <u>\$6,875</u>               | <u>\$4,150</u>          | <u>\$111,025</u> |

MICHIGAN TRANSPORTATION BONDS FUND, SERIES 1996  
Ridge Road/Janaroy Court Improvements, Interest Coupon Rates 5.6% to 7.5%

Original amount of issue - \$155,000

| <u>DATE</u>   | <u>PRINCIPAL<br/>AMOUNT</u> | <u>AMOUNT<br/>NOVEMBER 1</u> | <u>AMOUNT<br/>MAY 1</u> | <u>TOTAL</u>    |
|---------------|-----------------------------|------------------------------|-------------------------|-----------------|
| 2008-2009     | \$15,000                    | \$1,635                      | \$1,238                 | \$17,873        |
| 2009-2010     | 15,000                      | 1,237                        | 832                     | 17,069          |
| 2010-2011     | 15,000                      | 833                          | 420                     | 16,253          |
| 2011-2012     | 15,000                      | 420                          | 0                       | 15,420          |
| <u>TOTALS</u> | <u>\$60,000</u>             | <u>\$4,125</u>               | <u>\$2,490</u>          | <u>\$66,615</u> |

VILLAGE OF GOODRICH, MICHIGAN  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

CAPITAL IMPROVEMENT BOND, SERIES 2003

Amount Authorized: \$1,060,000

| <u>DATE</u>  | <u>INTEREST<br/>RATE</u> | <u>PRINCIPAL<br/>AMOUNT</u> | <u>INTEREST<br/>AMOUNT<br/>NOVEMBER 1</u> | <u>INTEREST<br/>AMOUNT<br/>MAY 1</u> | <u>TOTAL</u>       |
|--------------|--------------------------|-----------------------------|---|--------------------------------------|--------------------|
| 2008-2009    | 4.25%                    | \$12,000                    | \$21,590                                  | \$21,335                             | \$54,925           |
| 2009-2010    | 4.25%                    | 13,000                      | 21,335                                    | 21,059                               | 55,394             |
| 2010-2011    | 4.25%                    | 13,000                      | 21,058                                    | 20,782                               | 54,840             |
| 2011-2012    | 4.25%                    | 14,000                      | 20,783                                    | 20,485                               | 55,268             |
| 2012-2013    | 4.25%                    | 14,000                      | 20,485                                    | 20,188                               | 54,673             |
| 2013-2014    | 4.25%                    | 15,000                      | 20,187                                    | 19,869                               | 55,056             |
| 2014-2015    | 4.25%                    | 16,000                      | 19,869                                    | 19,529                               | 55,398             |
| 2015-2016    | 4.25%                    | 16,000                      | 19,529                                    | 19,189                               | 54,718             |
| 2016-2017    | 4.25%                    | 17,000                      | 19,188                                    | 18,827                               | 55,015             |
| 2017-2018    | 4.25%                    | 18,000                      | 18,828                                    | 18,445                               | 55,273             |
| 2018-2019    | 4.25%                    | 19,000                      | 18,445                                    | 18,041                               | 55,486             |
| 2019-2020    | 4.25%                    | 19,000                      | 18,041                                    | 17,638                               | 54,679             |
| 2020-2021    | 4.25%                    | 20,000                      | 17,637                                    | 17,212                               | 54,849             |
| 2021-2022    | 4.25%                    | 21,000                      | 17,213                                    | 16,766                               | 54,979             |
| 2022-2023    | 4.25%                    | 22,000                      | 16,766                                    | 16,299                               | 55,065             |
| 2023-2024    | 4.25%                    | 23,000                      | 16,299                                    | 15,810                               | 55,109             |
| 2024-2025    | 4.25%                    | 24,000                      | 15,810                                    | 15,300                               | 55,110             |
| 2025-2026    | 4.25%                    | 25,000                      | 15,300                                    | 14,769                               | 55,069             |
| 2026-2027    | 4.25%                    | 26,000                      | 14,768                                    | 14,216                               | 54,984             |
| 2027-2028    | 4.25%                    | 27,000                      | 14,216                                    | 13,643                               | 54,859             |
| 2028-2029    | 4.25%                    | 29,000                      | 13,642                                    | 13,026                               | 55,668             |
| 2029-2030    | 4.25%                    | 30,000                      | 13,026                                    | 12,389                               | 55,415             |
| 2030-2031    | 4.25%                    | 31,000                      | 12,389                                    | 11,730                               | 55,119             |
| 2031-2032    | 4.25%                    | 32,000                      | 11,730                                    | 11,050                               | 54,780             |
| 2032-2033    | 4.25%                    | 34,000                      | 11,050                                    | 10,328                               | 55,378             |
| 2033-2034    | 4.25%                    | 35,000                      | 10,327                                    | 9,584                                | 54,911             |
| 2034-2035    | 4.25%                    | 37,000                      | 9,584                                     | 8,797                                | 55,381             |
| 2035-2036    | 4.25%                    | 38,000                      | 8,798                                     | 7,990                                | 54,788             |
| 2036-2037    | 4.25%                    | 40,000                      | 7,990                                     | 7,140                                | 55,130             |
| 2037-2038    | 4.25%                    | 42,000                      | 7,140                                     | 6,248                                | 55,388             |
| 2038-2039    | 4.25%                    | 44,000                      | 6,247                                     | 5,312                                | 55,559             |
| 2039-2040    | 4.25%                    | 46,000                      | 5,313                                     | 4,335                                | 55,648             |
| 2040-2041    | 4.25%                    | 48,000                      | 4,335                                     | 3,315                                | 55,650             |
| 2041-2042    | 4.25%                    | 50,000                      | 3,315                                     | 2,253                                | 55,568             |
| 2042-2043    | 4.25%                    | 52,000                      | 2,252                                     | 1,147                                | 55,399             |
| 2043-2044    | 4.25%                    | 54,000                      | 1,148                                     | 0                                    | 55,148             |
| <u>TOTAL</u> |                          | <u>\$1,016,000</u>          | <u>\$495,633</u>                          | <u>\$474,046</u>                     | <u>\$1,985,679</u> |



October 16, 2008

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Village Council of  
Village of Goodrich

We have audited the financial statements of the Village of Goodrich as of and for the year ended June 30, 2008, and have issued our report thereon dated October 16, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village of Goodrich's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Goodrich's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Goodrich's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1. Accounting Expertise

Effective for the year ended December 31, 2006, Statement on Auditing Standards #112 titled, *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the financial statements and the footnotes required in the annual audit. Based upon discussions with management and audit work performed in the current year, the Village has the capability to perform monthly internal accounting functions and provide timely reports as requested by the board. The Village does not have the personnel with qualifications and training necessary to generate financial statements, including the required eliminating entries and footnotes, in accordance with accounting principles generally accepted in the United States of America. We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.



A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Goodrich's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lewis & Knopf PC*  
LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS